

**ACT FOR ALEXANDRIA
(a nonprofit organization)**

FINANCIAL STATEMENTS

Year Ended December 31, 2017
(with Summarized Comparative Information for December 31, 2016)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6 - 7
Notes to Financial Statements	8 - 20

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ACT for Alexandria
Alexandria, Virginia

We have audited the accompanying financial statements of ACT for Alexandria (ACT), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ACT as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative information

We have previously audited ACT's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner & Company, CPA, PC

Alexandria, Virginia

October 25, 2018

ACT FOR ALEXANDRIA

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(with comparative information as of December 31, 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 3,410,019	\$ 2,590,359
Prepaid expenses	9,132	15,600
TOTAL CURRENT ASSETS	<u>3,419,151</u>	<u>2,605,959</u>
PROPERTY AND EQUIPMENT, AT COST, NET	<u>3,903</u>	<u>4,725</u>
OTHER ASSETS		
Investments	11,778,372	8,673,077
Investment in partnerships	831,035	831,035
TOTAL OTHER ASSETS	<u>12,609,407</u>	<u>9,504,112</u>
TOTAL ASSETS	<u><u>\$ 16,032,461</u></u>	<u><u>\$ 12,114,796</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 107,026	\$ 7,085
Salaries payable	6,150	-
Accrued vacation	-	6,905
TOTAL CURRENT LIABILITIES	<u>113,176</u>	<u>13,990</u>
NET ASSETS		
Without donor restrictions		
Operating funds	298,248	224,036
Community funds	1,630,798	1,515,103
Donor-advised funds	13,979,233	10,350,698
With donor restrictions	11,006	10,969
TOTAL NET ASSETS	<u>15,919,285</u>	<u>12,100,806</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,032,461</u></u>	<u><u>\$ 12,114,796</u></u>

See Notes to Financial Statements.

ACT FOR ALEXANDRIA

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

(with summarized comparative information for the year ended December 31, 2016)

	2017			2016
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE				
Contribution revenue	\$ 2,904,840	\$ -	\$ 2,904,840	\$ 2,901,461
Investment income	1,491,826	37	1,491,863	558,107
Special event revenue	92,544	-	92,544	102,717
Other income	1,943,694	-	1,943,694	31,509
TOTAL REVENUE	6,432,904	37	6,432,941	3,593,794
EXPENSES				
Program services	2,149,540	-	2,149,540	2,344,172
Support services				
Management and general	197,664	-	197,664	118,602
Fundraising	267,258	-	267,258	195,627
Total support services	464,922	-	464,922	314,229
TOTAL EXPENSES	2,614,462	-	2,614,462	2,658,401
CHANGE IN NET ASSETS	3,818,442	37	3,818,479	935,393
NET ASSETS, beginning of year	12,089,837	10,969	12,100,806	11,165,413
NET ASSETS, end of year	\$ 15,908,279	\$ 11,006	\$ 15,919,285	\$ 12,100,806

See Notes to Financial Statements.

ACT FOR ALEXANDRIA

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

(with summarized comparative information for the year ended December 31, 2016)

	2017				2016
	Program	Management and General	Fundraising	Total	
Salaries	\$ 221,494	\$ 67,343	\$ 71,319	\$ 360,156	\$ 290,611
Payroll taxes	16,586	5,043	5,341	26,970	22,128
Employee benefits	29,327	8,916	9,443	47,686	34,206
Legal	-	550	-	550	1,699
Accounting services	-	17,112	-	17,112	13,000
Payroll processing fees	873	266	281	1,420	1,535
Consultants	114,847	34,918	36,979	186,744	253,120
Printing	3,852	1,171	1,240	6,263	4,799
Postage and delivery	922	280	297	1,499	3,691
Office supplies	4,941	1,502	1,591	8,034	2,112
Telephone	4,832	1,469	1,556	7,857	7,639
Administrative fees	-	19,948	-	19,948	15,269
Contract services fees	13,837	4,207	4,456	22,500	22,500
Bank fees	1,672	508	538	2,718	3,268
Miscellaneous	6,416	1,952	2,066	10,434	7,070
Equipment and maintenance	1,995	607	643	3,245	5,853
Website maintenance	4,595	1,397	1,479	7,471	4,509
Staff development and training	4,981	1,514	1,603	8,098	6,173
Rent	19,928	6,059	6,416	32,403	37,990
Insurance	1	2,907	-	2,908	3,609
Travel	9,734	2,960	3,134	15,828	9,929
Conferences and meetings	8,134	2,473	2,619	13,226	9,401
Events	83,588	12,523	114,098	210,209	186,290
Marketing	64,647	-	-	64,647	21,694
Registration fees	55	17	18	90	25
Subscriptions	4,555	1,385	1,467	7,407	8,575
Grants	1,525,631	-	-	1,525,631	1,676,213
Depreciation	2,063	627	664	3,354	5,428
Project expenditures	34	10	10	54	65
TOTAL EXPENSES	\$ 2,149,540	\$ 197,664	\$ 267,258	\$ 2,614,462	\$ 2,658,401

See Notes to Financial Statements.

ACT FOR ALEXANDRIA

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(with comparative information for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	\$ 4,941,078	\$ 3,035,687
Investment income	332,539	174,835
	<u>5,273,617</u>	<u>3,210,522</u>
Cash disbursed by operations		
Payments to grantees, employees, and suppliers	2,505,453	2,676,249
	<u>2,768,164</u>	<u>534,273</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	<u>2,768,164</u>	<u>534,273</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,427,665)	(2,732,324)
Proceeds from sale of investments	481,694	2,467,312
Purchase of property and equipment	(2,533)	(1,776)
	<u>(1,948,504)</u>	<u>(266,788)</u>
NET CASH USED BY INVESTING ACTIVITIES		
	<u>(1,948,504)</u>	<u>(266,788)</u>
NET INCREASE IN CASH	<u>819,660</u>	<u>267,485</u>
CASH, beginning of year	<u>2,590,359</u>	<u>2,322,874</u>
CASH, end of year	<u>\$ 3,410,019</u>	<u>\$ 2,590,359</u>
NON-CASH INVESTING ACTIVITIES		
Unrealized gain in market value of investments	\$ (806,187)	\$ (339,858)
Increase in investment value	806,187	339,858
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

ACT FOR ALEXANDRIA

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(with comparative information for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	<u>\$ 3,818,479</u>	<u>\$ 935,393</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	3,355	5,428
Unrealized gain on investment	(806,187)	(339,858)
Realized gain on investment	<u>(353,137)</u>	<u>(43,414)</u>
NET ADJUSTMENTS	<u>(1,155,969)</u>	<u>(377,844)</u>
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING CASH		
ASSETS		
Prepaid expenses	<u>6,468</u>	<u>(15,600)</u>
LIABILITIES		
Accounts payable	99,941	(10,293)
Salaries payable	6,150	-
Accrued vacation	<u>(6,905)</u>	<u>2,617</u>
	<u>99,186</u>	<u>(7,676)</u>
NET CHANGES IN ASSETS AND LIABILITIES	<u>105,654</u>	<u>(23,276)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 2,768,164</u></u>	<u><u>\$ 534,273</u></u>

See Notes to Financial Statements.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE

Organization and Purpose

ACT for Alexandria (ACT) is a nonprofit organization that began operations in 2004 and was incorporated in Virginia in January 2009. ACT seeks to raise the level and effectiveness of giving and engagement for the benefit of all in Alexandria. Any person, corporation or foundation may establish a donor-advised fund with ACT to engage in activities consistent with ACT's charitable purposes. Donors can make recommendations regarding grants from their donor-advised funds; however, ACT's Board of Directors is legally responsible for the donor-advised funds and for the grants made from these funds.

In addition to managing the donor-advised fund program, ACT also supports local nonprofits through its capacity-building grant program. An annual grant process allows local nonprofits to apply for funds from ACT to assist them in improving their capacity to better deliver their services. As such, ACT does not directly fund the programs of local nonprofits, but instead seeks to strengthen the nonprofits so they may provide more and better services in their areas of expertise. ACT distributed \$174,059 and \$152,492 in grants through its community investment fund in 2017 and 2016, respectively.

Significant Accounting Policies

Basis of Accounting

ACT maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

Basis of Presentation

The financial statements are presented in accordance with U.S. GAAP for nonprofit organizations. Under those principles, ACT is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction represent resources that are not subject to donor-imposed stipulations and are available for operations at management's discretion. Net assets without donor restriction consist of the following types of internally designated funds:

Operating funds - funds available for the general operations of ACT. As of the years ended 2017 and 2016, there is \$298,248 and \$224,036 in funds available for operations, respectively.

ACT Community Fund - Funds to support and strengthen existing programs, as well as create new collaborative solutions to the City of Alexandria's pressing needs. As of years ended 2017 and 2016, there is \$1,630,798 and \$1,515,103 in funds designated by the donor for the community, respectively.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Donor-advised funds - Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by ACT in making grants from these resources. As of years ended 2017 and 2016, there is \$13,979,233 and \$10,350,698 of donor-advised funds, respectively.

Net Assets With Donor Restrictions represent resources restricted by donors as to purpose or by the passage of time or whose use by ACT is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of ACT. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. ACT had net assets with donor restrictions of \$11,006 and \$10,969 at December 31, 2017 and 2016, respectively.

U.S. GAAP provides that if the governing body of an organization has unilateral power to redirect the use of a donor's contribution to another beneficiary, such contribution must be classified as a net asset without donor restriction. ACT's Board of Directors has this ability (variance power). However, it would only exercise this authority if circumstances render the donor's restrictions inconsistent with the charitable needs of the community or incapable of fulfillment. Accordingly, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions in the accompanying financial statements.

Cash and Cash Equivalents

Cash consists of checking accounts and funds held within a pooled money market account. ACT considers highly liquid investments with an original maturity of three months or less as cash equivalents. Excluded from this definition of cash equivalents are such amounts that represent funds that have been accounted for as investments. There were no cash equivalents as of December 31, 2017 and 2016.

Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted temporarily or permanently by donor restrictions or law. ACT invests in a variety of investments that are exposed to various risks, such as fluctuations in fair value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Investment in Partnerships

ACT owns a minor interest in a number of investment partnerships which are accounted for at the lower of cost or fair value, and are not subject to fair value measurement.

Property

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is reported at fair value at the date of donation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3-5 years
Furniture and fixtures	5 years

ACT's policy is to capitalize major additions and improvements over \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

Revenue Recognition

Contributions

Contributions are recognized as revenue when promised and are recorded net of any current year allowance or discount activity. ACT reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to ACT's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets without donor restrictions. Contributions that are restricted by the donor are reported as net assets without donor restriction if the restriction expires in the same reporting period in which the contribution is recognized.

Special Event Revenue

Revenue relating to special events held by ACT are recognized in the period the event takes place. Amounts received relating to future periods are recorded as deferred revenue in the accompanying financial statements.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Donated Goods and Services

Donated goods and services are recorded at their estimated fair value on the date of receipt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as salaries, payroll tax, employee benefits, payroll processing fees, consultants, printing, postage and delivery, office supplies, telephone, contract services fees, bank fees, miscellaneous expense, equipment and maintenance, website maintenance, staff development and training, rent, insurance, travel, conferences and meetings, events, registration fees, subscriptions, depreciation, and project expenditures have been allocated among programs and supporting services benefited based on level of effort.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reportable amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

ACT is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to exempt purpose. This code section enables ACT to accept donations that qualify as charitable contributions to the donor. ACT is subject to tax on net income from unrelated business activities. For the years ended December 31, 2017 and 2016, ACT did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated ACT's tax positions and concluded that ACT had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications have been made in the 2016 financial statement presentation to conform to the classifications used in the 2017 financial statements.

Summarized Information

The financial statements include certain summarized comparative information in total but not by each class of net assets. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with ACT's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Adoption of New Accounting Standard

ACT adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of December 31, 2017 with no effect on beginning net assets.

Liquidity

ACT maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days. Cash in excess of this amount is invested in short-term investments.

ACT reconciles the balance of financial assets subject to donor restrictions monthly, based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of ACT's monthly financial reporting process.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND PURPOSE (Continued)

Significant Accounting Policies (Continued)

Liquidity (Continued)

ACT's financial assets available within one year to meet cash needs for general expenditures through December 31, 2018 are as follows:

Financial Assets	
Cash	\$ 3,410,019
Investments	12,609,407
Total Financial assets	<u>16,019,426</u>
Less amounts not available within one year	
Community funds	(1,630,798)
Donor advised funds	(13,979,233)
Purpose restricted net assets	<u>(11,006)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 398,389</u></u>

2. CASH

Cash as of December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Pooled money market account	\$ 2,961,295	\$ 1,812,470
Business checking accounts	<u>448,724</u>	<u>777,889</u>
	<u><u>\$ 3,410,019</u></u>	<u><u>\$ 2,590,359</u></u>

ACT has checking and money market funds in the amount of \$2,956,509 and \$2,085,359 as of December 31, 2017 and 2016, respectively, held in Greater Horizons bank accounts.

ACT maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits and the Securities Investor Protection Corporation (SIPC). At December 31, 2017 and 2016, ACT had bank deposits in excess of FDIC and SIPC limits of \$2,880,426 and \$1,791,924, respectively.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

ACT follows Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, for financial assets and liabilities. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

Level 1 - quoted prices in active markets for identical securities or liabilities.

Level 2 - inputs, other than quoted prices, that are observable for the assets or liabilities either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 - unobservable inputs which are typically based on an organization's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, ACT performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Investments are reported at fair value on a recurring basis. Such investments consist of a diversified portfolio of individual and pooled securities in common stock, exchange-traded funds, corporate bonds, and mutual funds.

Pooled investment funds are valued at the Net Asset Value (NAV) provided by the underlying investment managers based on the shares held by the Plan at year end. Valuations provided by investment managers including estimates, appraisals, assumptions, and methods are reviewed by management. When necessary, the Plan adjusts NAV for contributions, distributions, or general market conditions subsequent to the latest NAV valuation date when calculating fair value. Because the Plan uses NAV as a practical expedient for fair value for its pooled funds, these investments are excluded from the fair value hierarchy.

Investment management fees for the year ended December 31, 2017 and 2016 were \$30,528 and \$28,970 respectively, and are netted with investment income in the statement of activities. Investment income is comprised of the following for the years ended December 31, 2017 and 2016:

	2017	2016
Interest and dividends	\$ 363,067	\$ 203,805
Realized and unrealized gains on investments	1,159,324	383,272
Investment management fees	<u>(30,528)</u>	<u>(28,970)</u>
	<u>\$ 1,491,863</u>	<u>\$ 558,107</u>

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table presents ACT's fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2017 and 2016:

	2017			
	Level 1	Level 2	NAV	Total
Money market funds	\$ 779,103	\$ -	\$ -	\$ 779,103
Mutual funds				
Emerging markets	266,958	-	-	266,958
European stock	228,834	-	-	228,834
Foreign large blend	55,675	-	-	55,675
Foreign large growth	107,359	-	-	107,359
High yield bond	113,278	-	-	113,278
Intermediate-term bond	244,220	-	-	244,220
Large blend	1,181,051	-	-	1,181,051
Large growth	629,626	-	-	629,626
Large value	166,037	-	-	166,037
Mid blend	111,597	-	-	111,597
Mid growth	151,991	-	-	151,991
Mid value	33,183	-	-	33,183
Mid-cap growth	16,255	-	-	16,255
Mid-cap value	10,875	-	-	10,875
Multisector bond	120,610	-	-	120,610
Real estate	90,365	-	-	90,365
Short-term bond	653,380	-	-	653,380
Small blend	113,297	-	-	113,297
Small growth	110,681	-	-	110,681
Small value	16,751	-	-	16,751
World bond	11,727	-	-	11,727
Energy limited partnership	3,347	-	-	3,347
Intermediate-term	256,534	-	-	256,534
Common stock				
Basic materials	110,769	-	-	110,769
Consumer goods	333,144	-	-	333,144
Financial	311,944	-	-	311,944
Healthcare	72,631	-	-	72,631
Services	231,873	-	-	231,873
Technology	247,325	-	-	247,325
Utilities	231,593	-	-	231,593

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	2017			
	Level 1	Level 2	NAV	Total
Equity exchange traded funds	\$ 1,120,018	\$ -	\$ -	\$ 1,120,018
Foreign fixed income	3,722	-	-	3,722
Corporate bonds	-	36,269	-	36,269
Fixed income	5,277	-	1,754,138	1,759,415
Balanced mutual funds - U.S. Equities	1,814,322	-	-	1,814,322
Commodity funds	24,547	-	-	24,547
Other funds	8,066	-	-	8,066
	<u>\$ 11,873,325</u>	<u>\$ 36,269</u>	<u>\$ 1,754,138</u>	<u>\$ 11,778,372</u>
	2016			
	Level 1	Level 2	NAV	Total
Money market funds	\$ 155,377	\$ -	\$ -	\$ 155,377
Mutual funds				
Emerging markets bond	199,425	-	-	199,425
High yield bond	80,312	-	-	80,312
Intermediate-term bond	272,753	-	-	272,753
Multisector bond	28,435	-	-	28,435
Short-term bond	303,319	-	-	303,319
World bond	19,433	-	-	19,433
European stock	180,110	-	-	180,110
Foreign large blend	74,923	-	-	74,923
Foreign large growth	77,513	-	-	77,513
Large blend	812,372	-	-	812,372
Large growth	547,747	-	-	547,747
Large value	204,707	-	-	204,707
Mid blend	48,398	-	-	48,398
Mid growth	132,632	-	-	132,632
Mid value	46,144	-	-	46,144
Mid-cap growth	15,529	-	-	15,529
Mid-cap value	11,395	-	-	11,395
Real estate	81,881	-	-	81,881
Small blend	94,198	-	-	94,198
Small growth	124,863	-	-	124,863
Small value	17,491	-	-	17,491

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

	2016			
	Level 1	Level 2	NAV	Total
Common stock				
Basic materials	\$ 113,576	\$ -	\$ -	\$ 113,576
Consumer goods	219,012	-	-	219,012
Financial	316,232	-	-	316,232
Healthcare	65,693	-	-	65,693
Services	238,116	-	-	238,116
Technology	145,876	-	-	145,876
Utilities	225,705	-	-	225,705
Equity exchange traded funds	79,432	-	-	79,432
Foreign fixed income	1,114	-	-	1,114
Corporate bonds	-	71,757	-	71,757
Fixed income	14,066	-	1,706,181	1,720,247
Balanced mutual funds - U.S. Equities	1,912,323	-	-	1,912,323
Commodity funds	35,037	-	-	35,037
	<u>\$ 7,419,272</u>	<u>\$ 71,757</u>	<u>\$ 1,706,181</u>	<u>\$ 8,673,077</u>

4. INVESTMENT PARTNERSHIPS

As of December 31, 2017 and 2016, ACT was invested in minor interests of a number of investment partnerships. Each partnership operates in accordance with the terms of a limited partnership agreement. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long term horizon by employing a strategy under which the partnerships invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, private equity and venture capital investments). As of December 31, 2017 and 2016, investment partnerships totaled \$831,035.

Redemption of ACT's interests in the investment partnerships is generally permissible on a monthly or quarterly basis, with a 30-90 day notice. ACT had no unfunded commitments as of December 31, 2017 and 2016.

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

5. PROPERTY AND EQUIPMENT, AT COST, NET

Property and depreciation for the year ended December 31, 2017 and 2016 consisted of the following:

	2017		
	Cost	Depreciation expense	Accumulated Depreciation
Computers and equipment	\$ 20,360	\$ 3,225	\$ 16,977
Furniture and fixtures	1,170	130	650
	<u>\$ 21,530</u>	<u>\$ 3,355</u>	<u>\$ 17,627</u>
	2016		
	Cost	Depreciation expense	Accumulated Depreciation
Computers and equipment	\$ 30,107	\$ 5,428	\$ 25,382
Furniture and fixtures	1,195	-	1,195
	<u>\$ 31,302</u>	<u>\$ 5,428</u>	<u>\$ 26,577</u>

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

Changes in net assets without donor restrictions at December 31, 2017 and 2016 were as follows:

	2017			
	Balance 12/31/2016	Contributions to/investment income	Grants/other expenses from	Balance 12/31/2017
Operating funds	\$ 224,036	\$ 867,781	\$ 831,869	\$ 298,248
Community funds	1,515,103	489,436	373,871	1,630,798
Donor-advised funds	10,350,698	5,013,434	1,346,469	13,979,233
	<u>\$ 12,089,837</u>	<u>\$ 6,370,651</u>	<u>\$ 2,552,209</u>	<u>\$ 15,908,279</u>

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

6. NET ASSETS WITHOUT DONOR RESTRICTIONS (Continued)

	2016			Balance 12/31/2016
	Balance 12/31/2015	Contributions to/investment income	Grants/other expenses from	
Operating funds	\$ 198,105	\$ 537,239	\$ 511,308	\$ 224,036
Community funds	1,463,225	903,205	851,327	1,515,103
Donor-advised funds	9,493,125	2,080,581	1,223,008	10,350,698
	<u>\$ 11,154,455</u>	<u>\$ 3,521,025</u>	<u>\$ 2,585,643</u>	<u>\$ 12,089,837</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Research Grants

At December 31, 2017 and 2016, net assets with donor restrictions were available for the following programs:

	2017			Balance 12/31/2017
	Balance 12/31/2016	Additions	Releases	
ACT ABLE Fund	\$ 5,189	\$ 18	\$ -	\$ 5,207
ACT Now Fund	5,780	19	-	5,799
	<u>\$ 10,969</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ 11,006</u>

	2016			Balance 12/31/2016
	Balance 12/31/2015	Additions	Releases	
ACT ABLE Fund	\$ 5,184	\$ 5	\$ -	\$ 5,189
ACT Now Fund	5,774	6	-	5,780
	<u>\$ 10,958</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 10,969</u>

ACT FOR ALEXANDRIA

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2017

(with comparative information as of December 31, 2016)

8. COMMITMENTS - OFFICE LEASE

In January 2017, ACT entered into a sub-lease agreement for office space which expires in December 2019. The base monthly rent is \$2,800 and increases annually by 3%. Rental expense for the years ended December 31, 2017 and 2016 was \$32,402 and \$37,990, respectively.

Future minimum lease payments under this lease are as follows:

2018	\$	34,608
2019		<u>35,652</u>
	\$	<u><u>70,260</u></u>

9. DONATED GOODS AND SERVICES

ACT receives donated professional services for marketing and promotional designs, parking services, as well as various goods for events. These donated goods and services have been recorded in the financial statements at their estimated fair value in the statement of activities. For the years ended December 31, 2017 and 2016, donated goods and services totaled \$130,266 and \$51,577, respectively.

10. DEFINED CONTRIBUTION PLAN

ACT sponsors a retirement plan covering all eligible full-time employees. The plan provides for an automatic 3% employer contribution and up to an additional 2% employer matching contribution of annual salary. For years ended December 31, 2017 and 2016, retirement expense totaled \$18,196 and \$16,199, respectively.

11. CONCENTRATIONS OF REVENUE AND SUPPORT RISK

For the year ended December 31, 2017, ACT received \$1,325,992 from six donors which is approximately 21% of its total revenue and support. For the year ended December 31, 2016, ACT received \$1,489,419 from seven donors which is approximately 41% of its total revenue and support. Any significant reduction in revenues may adversely impact ACT's financial position and ability to carry out its existing program activities.

12. SUBSEQUENT EVENTS

In preparing these financial statements, ACT has evaluated events and transactions for potential recognition or disclosure through October 25, 2018, the date the financial statements were available to be issued.